



DEPARTMENT OF NATURAL RESOURCES

MEMORANDUM

DATE: May 5, 2006

TO: Land Reclamation Commission

FROM: Mike Larsen, Chief; Projects and Inspection Unit (*original signed by Mike Larsen*)

SUBJECT: Coal Mine Bond Forfeiture Status Update

Since the last update provided to the commission on March 23, 2006, the bond forfeiture staff has continued to conduct on the ground inspections and evaluations of bond forfeiture sites. In addition, the staff has been working with contractors in order to complete needed repairs and maintenance at various bond forfeiture sites around the state.

The following is a brief summary for the commission's information as to the work progressing and/or completed since the March, 2006 meeting:

Riedel Energy, Inc. – Perry Mine (Multiple Permits) - Monroe and Ralls counties:

On the ground assessments are continuing at this former mine site located in northeast Missouri near Mark Twain lake. On site contacts have been made with various landowners to explain work that will be done for their properties in the future. In addition, groundwater monitoring well locations have been identified for the purpose of properly closing these structures.

Permit #1989-03 located in the southeastern portion of this former mine site and consisting of 89 acres was addressed last summer and fall. The work completed at that time involved the upgrading of two ponds and the stabilization of several erosional gullies on this permit area. The ponds have since filled with water owing to spring rains and are now stable and functioning to the satisfaction of the program and property owner. This permit will be presented to the commission for liability release at the May, 2006 meeting in a separate agenda item.

Universal Coal and Energy Co., Inc. – Mine #4 (Multiple permits) – Howard county

Work with the landowners of the remaining areas of this mine is continuing. Contracts for erosion repair and rock placement will be awarded soon for repairs at this minesite in order to prepare the remainder of the mine for release presentations to the commission. It is expected that by the end of calendar year 2006 the work on all areas of this mine site will be finished and release presentations will have been made.

Universal Coal and Energy Co., Inc. – Processing Facility – Howard county

Work was completed on this area during the month of April, 2006. The primary repairs made consisted of treating acidic areas by placement of lime and soil. Following this the areas of concern were fertilized, seeded and mulched to promote successful revegetation. Also completed was the installation of a rock waterway to control erosion in the northern part of the property.

The work was completed in close coordination with the landowner to ensure all problem areas were addressed. Following completion of the work the landowner was contacted and he expressed his satisfaction with the efforts made by the program to correct his concerns. Because these repairs involve revegetation of problem areas, the release presentation will not occur before the commission until the second half of 2006. This is to ensure the revegetation efforts have proven to be successful.

Universal Coal and Energy Co., Inc. – Renick Mine – Randolph county

As explained in earlier memos, this mine site is very close to being recommended for liability release before the commission. The remaining work involves the reconstruction and upgrading of a spillway for the main impoundment at this former coal mine site. The staff has been working closely with the consultant for Lincoln General Insurance Company, the bond provider for this former mine, to complete the work. We came close to completing this work during the month of April and early May however, due to wet ground conditions during this time the work has been delayed. It is expected to perform this work during the month of June when drier conditions should prevail. The staff now expects to present this mine site to the commission for a liability release at the July, 2006 meeting.

Bill's Coal Company – Fort Scott Mine (Multiple Permits) – Vernon county

An on-site field inspection of this mine site was conducted on April 20, 2006 with the Office of Surface Mining in attendance. The purpose of this field inspection was to determine the overall status of the mine site for a presentation of liability release to the commission at the May, 2006 meeting. The mine site consists of multiple permits spanning multiple coal surface mining laws for a total of 785 acres.

The inspection determined that most of the mine site is eligible for release with the exception of two properties consisting of 165 acres. These two properties will be omitted from a release presentation later today until additional repair work consisting of erosion repair, filling of holes and minor grading/revegetation work can be completed. It is expected this work will be finished in the near future so that the remainder of the minesite may be presented to the commission during the July, 2006 meeting.